



**NASPERS**  
ENTREPRENEURS SINCE 1915

## Financial results presentation

For the six months ended 30 September 2018

## Important information

This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavor” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. While these forward-looking statements represent our judgments and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The key factors that could cause our actual results performance, or achievements to differ materially from those in the forward-looking statements include, among others, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; ongoing and future acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions; the occurrence of labour disruptions and industrial action and the effects of both current and future litigation.

We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

# Agenda

Strategic business review

01

Financial review

02

VE / MultiChoice Group (MCG)

03

Outlook

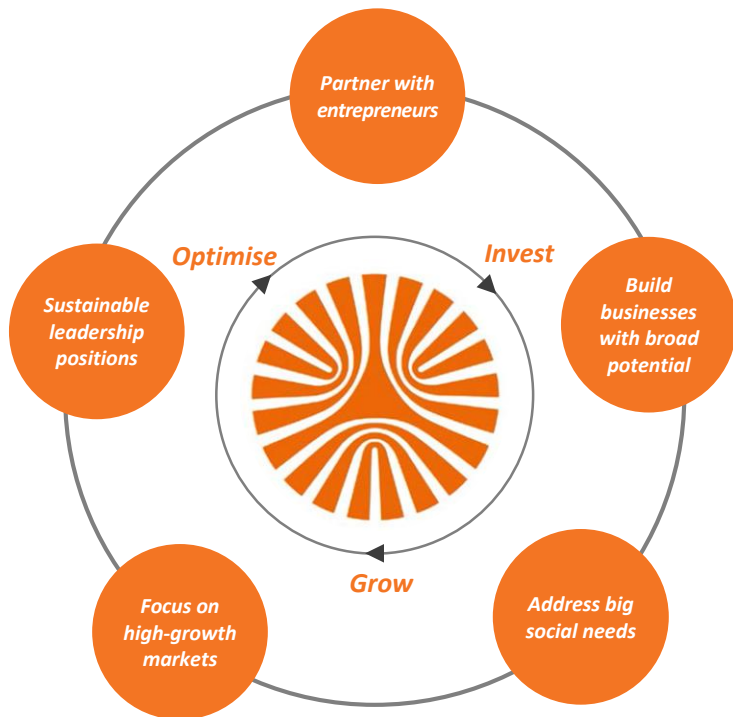
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# STRATEGIC BUSINESS REVIEW











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# Investing in high-growth markets continues to create tremendous value

## Investing in platforms in high-growth markets



## Focus on three core ecommerce segments

 <p>Classifieds</p>	<p>40 Countries<sup>1</sup>      +340m MAU's</p>  
 <p>Food delivery</p>	<p>Leader in 40 markets</p>    
 <p>Payments</p>	<p>18 markets      400m+ transactions processed</p> 

<sup>1</sup> Countries with lower than 1 000 daily unique listers (7 in total) excluded from 'active country' list. Includes Frontier Car Group (FCG) countries.

# 1H FY19 highlights

## Solid financial performance

Revenue up 23% (29%) YoY to US\$11.0bn  
 Trading profit up 22% (34%) to US\$2.0bn  
 Core headline earnings up 39% to US\$3.85 per N ordinary share

## Strong execution in ecommerce

Classifieds: strong growth trajectory, now profitable including letgo  
 Payments: TPV increased 22% (29%) to US\$14bn, India TPV 28% (37%)  
 Food delivery: robust growth, orders +77% YoY and GMV +46% YoY, iFood orders +96%

## Targeted core investments

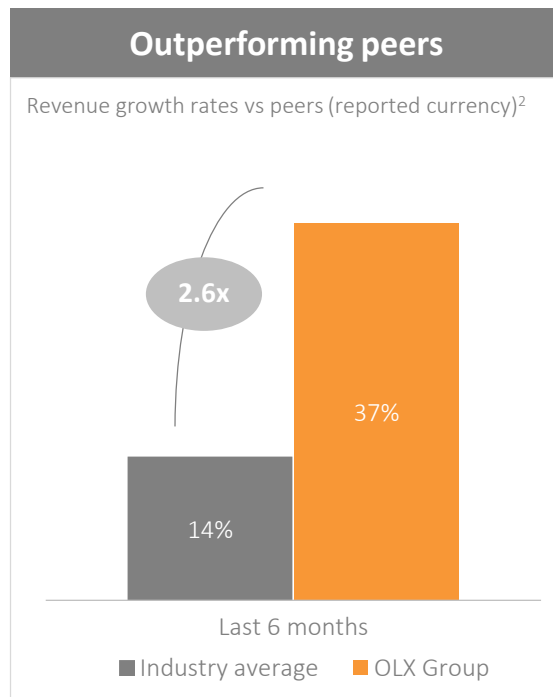
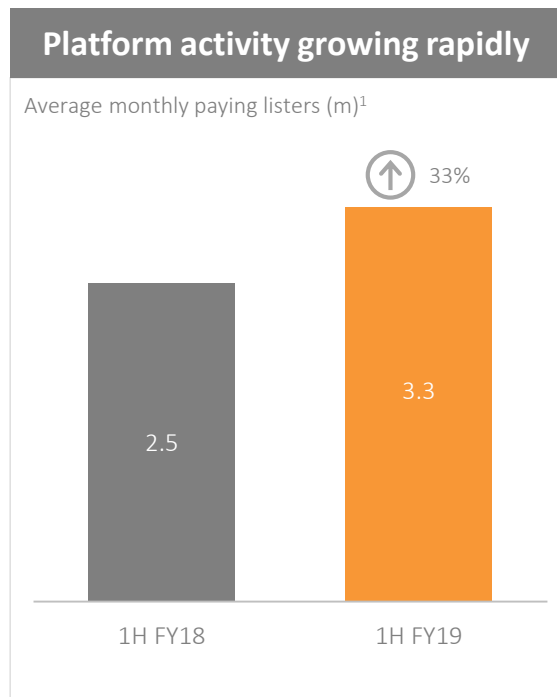
Food: further US\$79m investment in Swiggy; US\$124m in Mobile/iFood  
 Classifieds: investment in FCG and WeBuyCars<sup>1</sup> to extend our business model  
 Payments: invested in Zoos and Zest Money

## Announced VE listing/unbundling

To list and simultaneously unbundle MultiChoice Group (MCG) on JSE in calendar 1H 2019  
 Another step to address discount and unlock value for shareholders  
 Major move in evolution into a global consumer-internet company

<sup>1</sup> In September the group announced an investment in South Africa's specialised car-buying service, WeBuyCars. This transaction is subject to regulatory approval.  
 Note: Percentages in brackets represent year-on-year growth in local currency, excluding M&A.

# Classifieds: global leader strongly positioned in high-growth markets



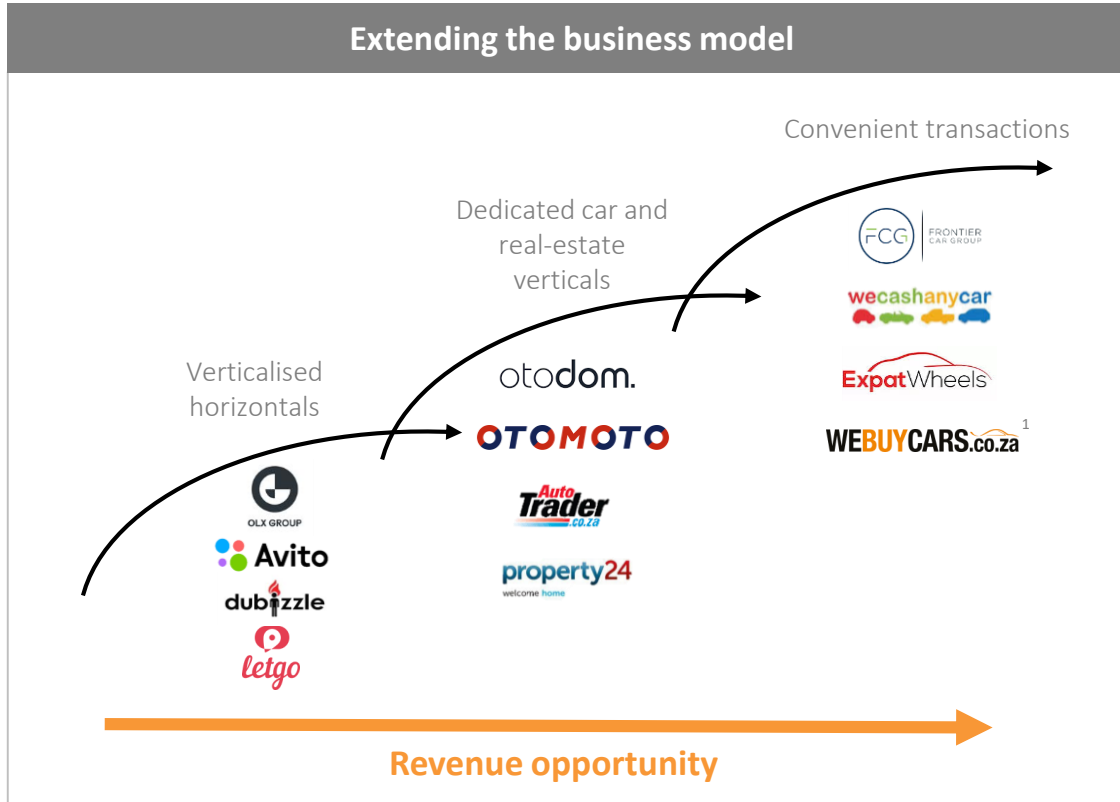
<sup>1</sup> Data reflects full-year averages at 100% of controlled entities and proportionate share of equity-accounted investments.

<sup>2</sup> Industry peers include Schibsted, Scout24, Rightmove, Zillow, 58.com, Axel Springer, REA and TradeMe.

Sources: Company filings, investor reports, EIU reports and Factset.

<sup>3</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated.

# Classifieds: deepening market presence through convenient transactions



## Convenience drives growth

### Improves user and agent experience

Enhances price transparency, convenience, trust and safety.



### Drives liquidity and lead generation

Model plugs into existing horizontal and vertical businesses and drives transaction volumes.

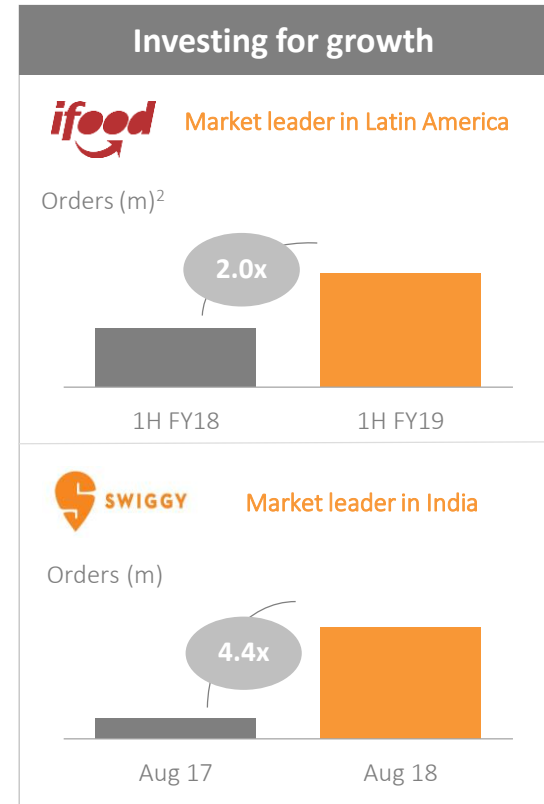
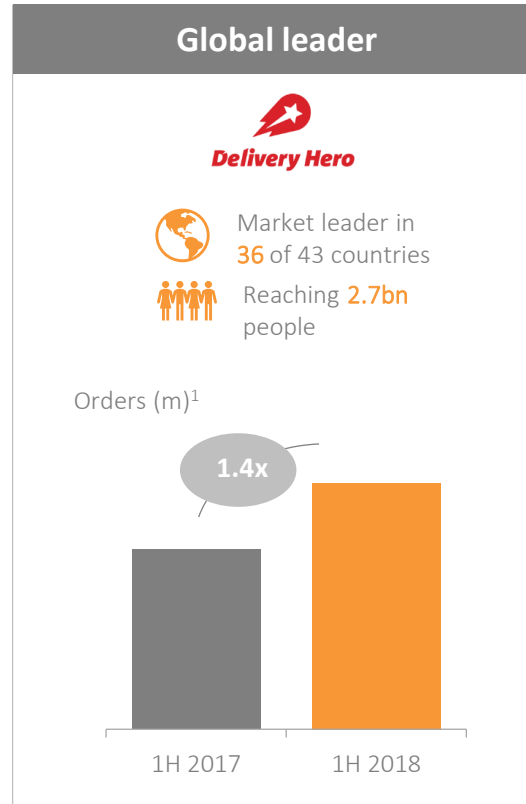
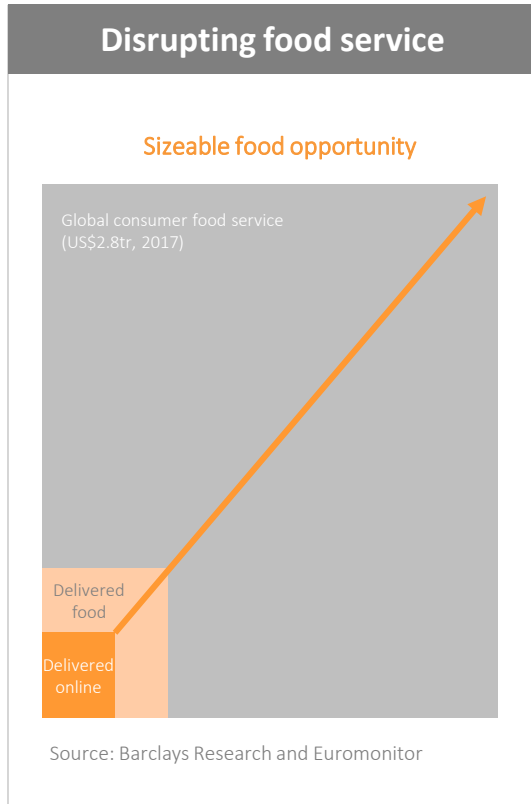


### Improves platform monetisation

Profitable standalone model, monetisable value-added services (eg. inspection fees), and valuable data generation.

<sup>1</sup> In September the group announced an investment in South Africa's specialised car-buying service, WeBuyCars. This transaction is subject to regulatory approval.

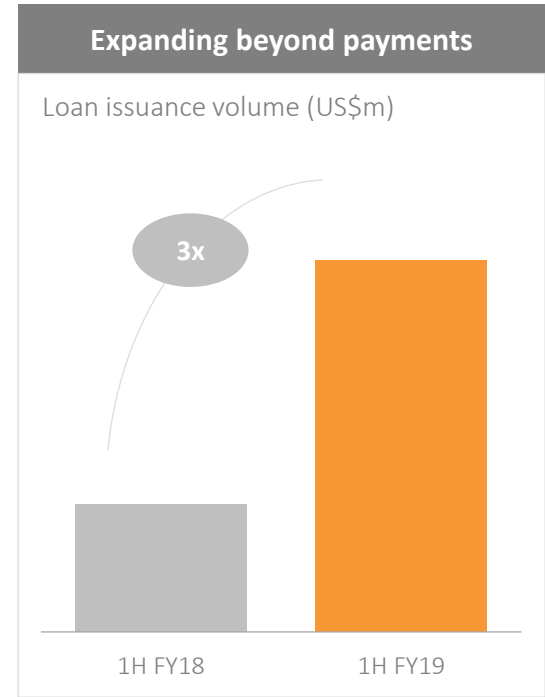
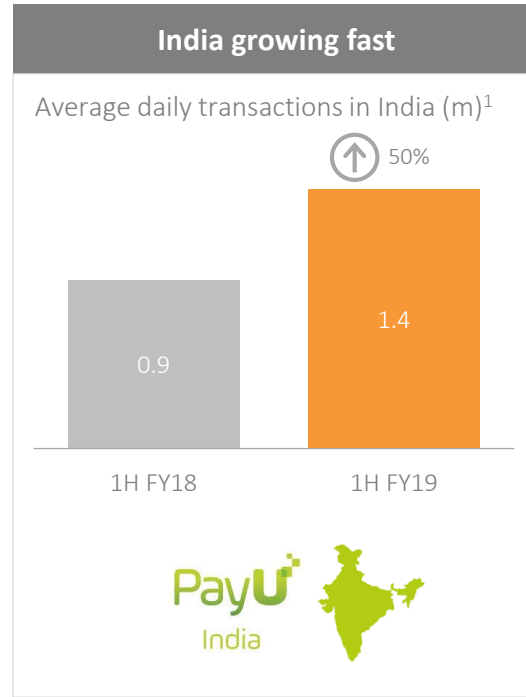
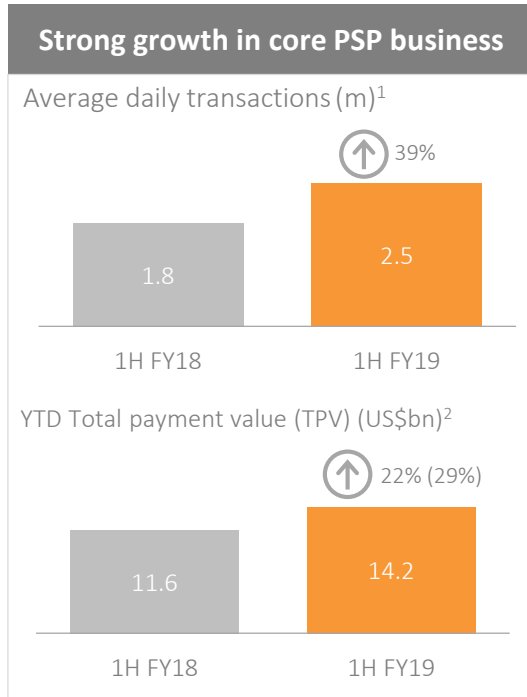
# Food delivery: extending lead through investment in high-growth markets



<sup>1</sup> Delivery Hero's financial year end is December, orders reflect April 2018 to September 2018.

<sup>2</sup> iFood Argentina was divested, and is excluded for comparative purposes.

# Payments: leveraging scaled platform in large addressable market



<sup>1</sup> Average daily transactions are for the last month of the reporting period, i.e. September 2018.

<sup>2</sup> Numbers in brackets represent YoY growth in local currency.

# US\$750m targeted M&A in 1H to accelerate growth in core segments

## Classifieds

**WEBUYCARS.co.za**<sup>1</sup>

FCG | FRONTIER  
CAR GROUP

**dubizzle**

**PROPERATI**

**letgo**

## Food delivery

**SWIGGY**

**ifood**

## Payments

**zest**

**PaySense**

**ZOOZ**

<sup>1</sup> In September the group announced an investment in South Africa's specialised car buying service, WeBuyCars. This transaction is still subject to regulatory approval and not included in the total above.

# FINANCIAL REVIEW

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# 1H FY19 financial highlights

1 Ecommerce profit trajectory continued to improve

2 Classifieds became profitable, including letgo

3 Payments PSP approaching profitability globally

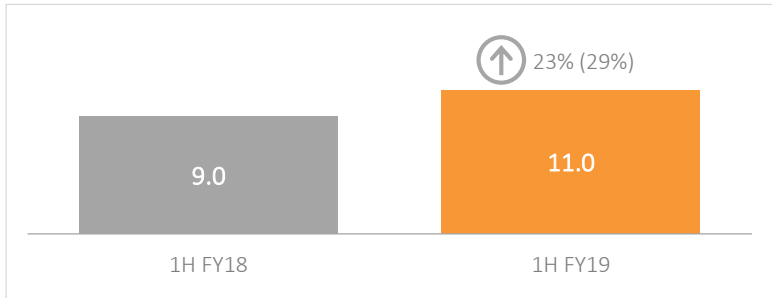
4 Solid results from video entertainment

5 Healthy contribution from Tencent

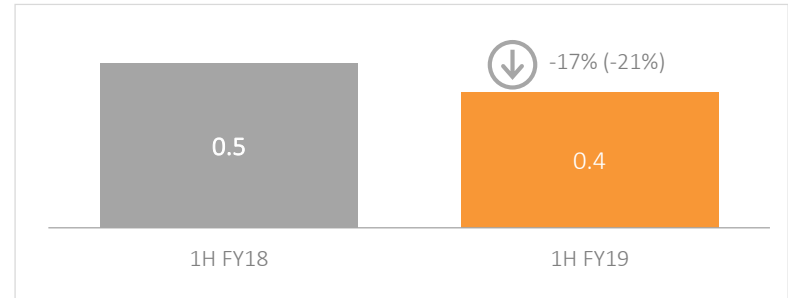
6 Return to positive free cash flow generation

# Synopsis of financials

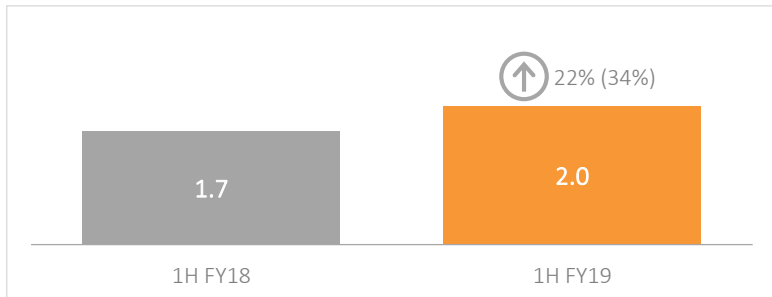
Revenue (US\$bn)<sup>1</sup>



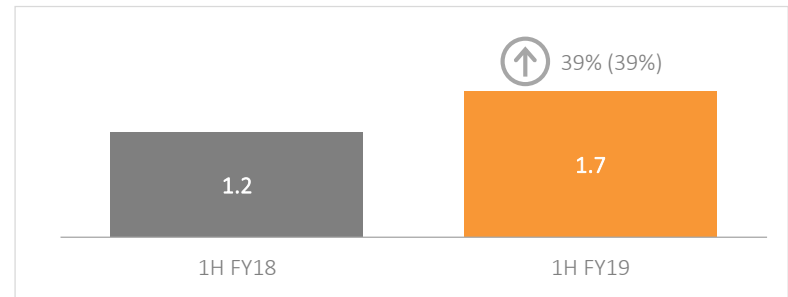
Development spend (US\$bn)<sup>1</sup>



Trading profit (US\$bn)<sup>1,2</sup>



Core headline earnings (US\$bn)<sup>2</sup>

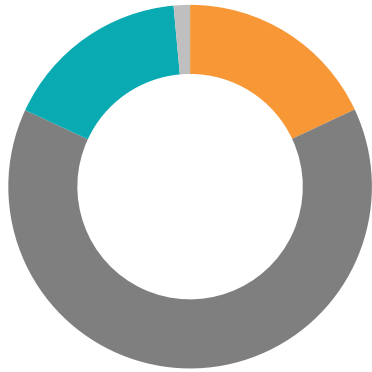


<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

<sup>2</sup> 1H FY18 restated for the group's change in the calculation of trading profit and core headline earnings regarding Tencent's digital content amortisation.

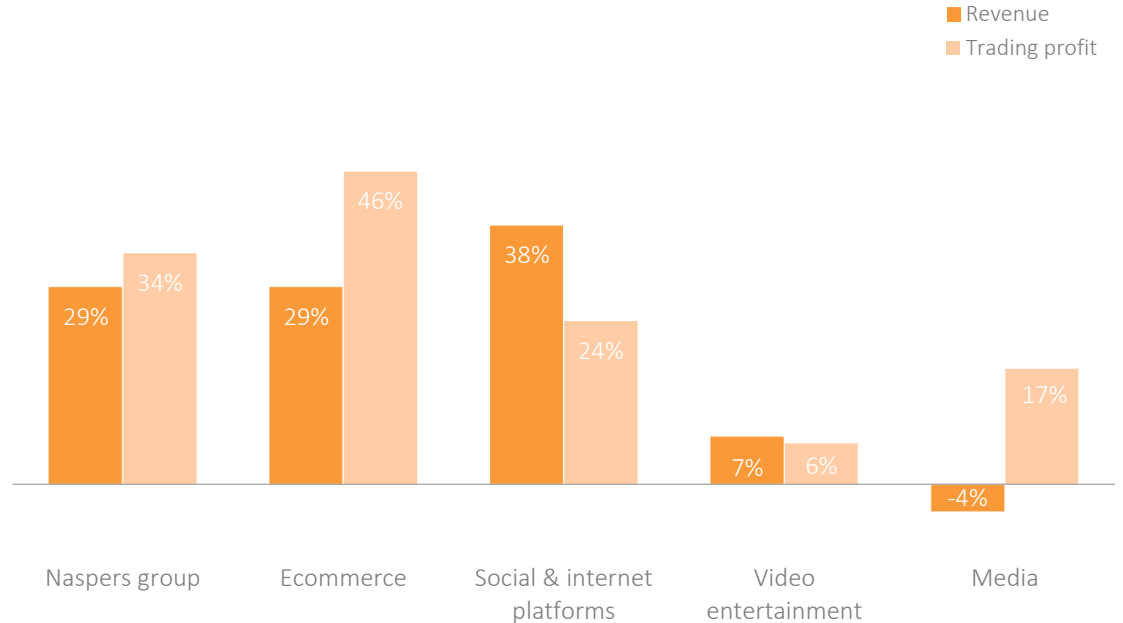
# Strong revenue growth and improving profitability

Revenue by segment (US\$m)<sup>1</sup>



- Ecommerce (18%)
- Social & internet platforms (64%)
- Video entertainment (17%)
- Media and other (1%)

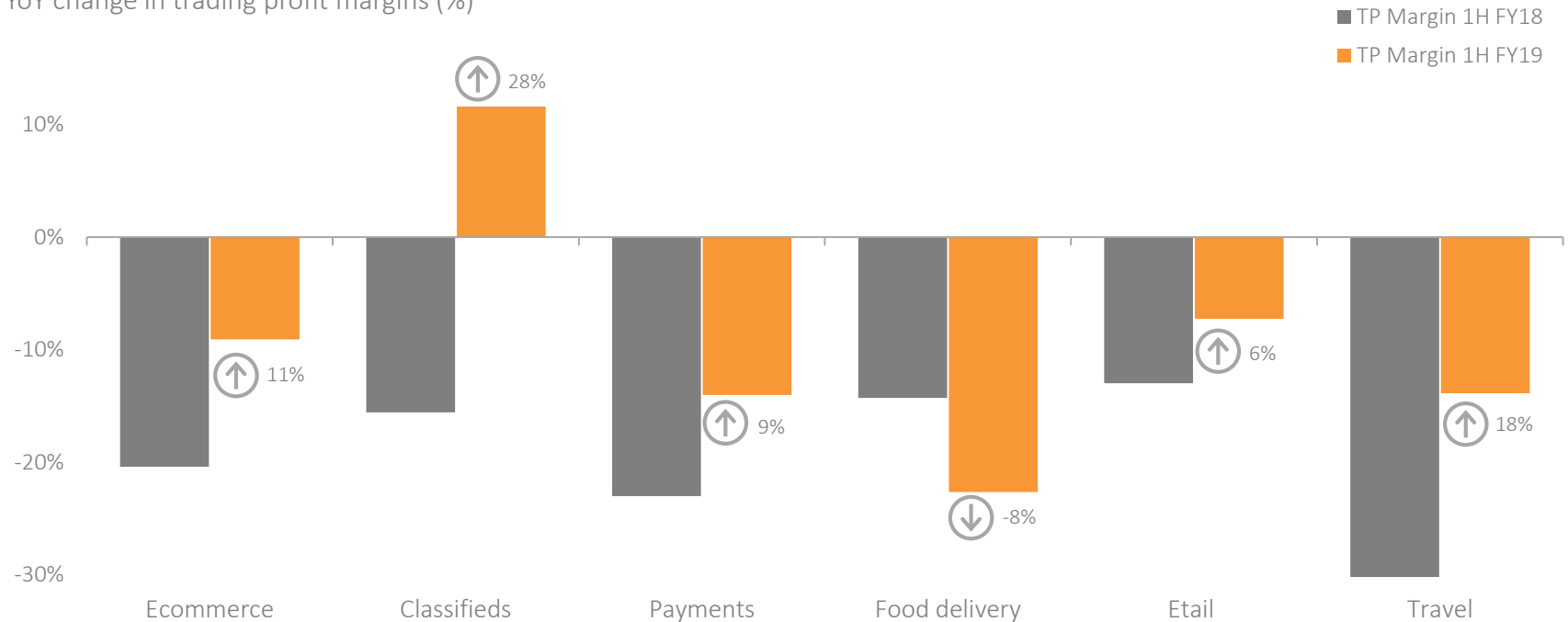
Constant currency revenue and trading profit growth by segment (%)<sup>1</sup>



<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A.

# Trading margins: ecommerce seeing improved operating leverage

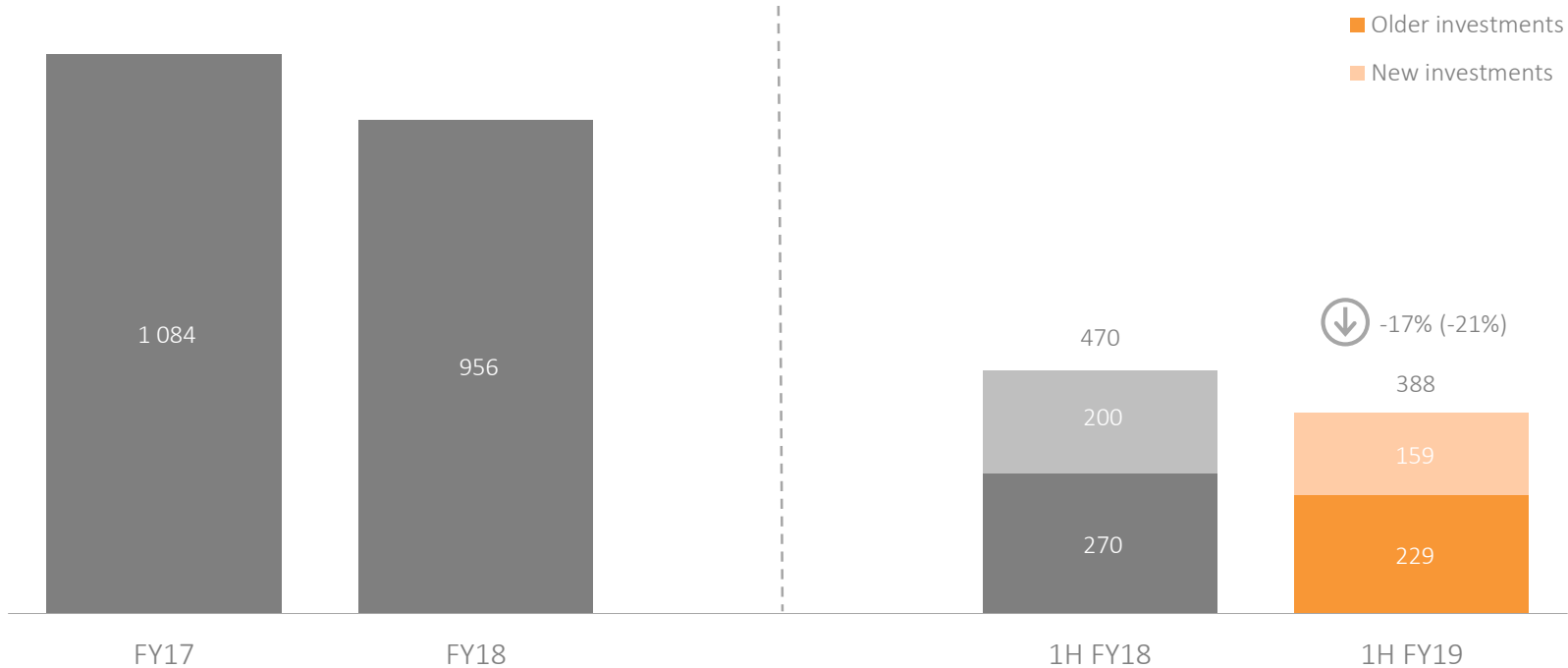
YoY change in trading profit margins (%)<sup>1</sup>



<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Flipkart has been excluded from the analysis.

# Development spend declined due to increased scale and profitability

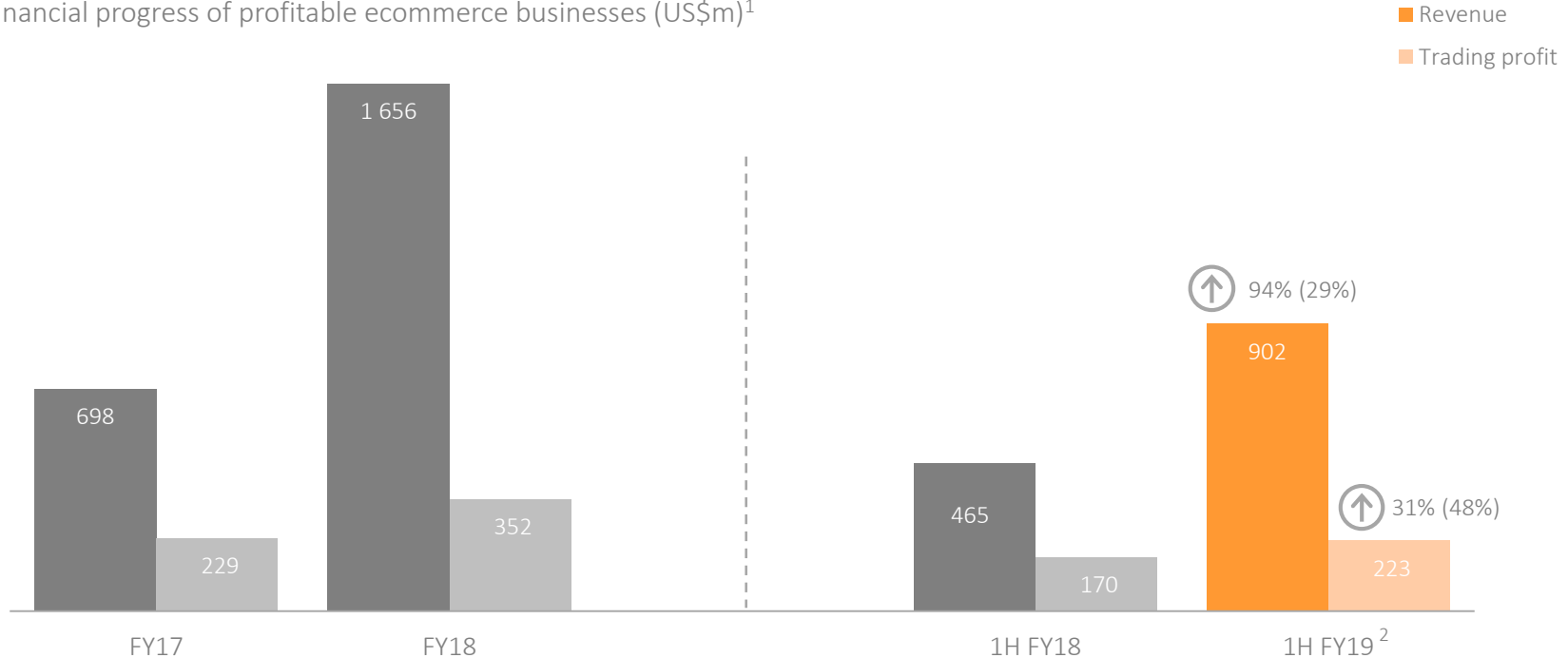
Development spend (US\$m)<sup>1</sup>



<sup>1</sup> Development spend represents trading losses of businesses yet to reach scale. Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

# Strong momentum in profitable ecommerce businesses

Financial progress of profitable ecommerce businesses (US\$m)<sup>1</sup>

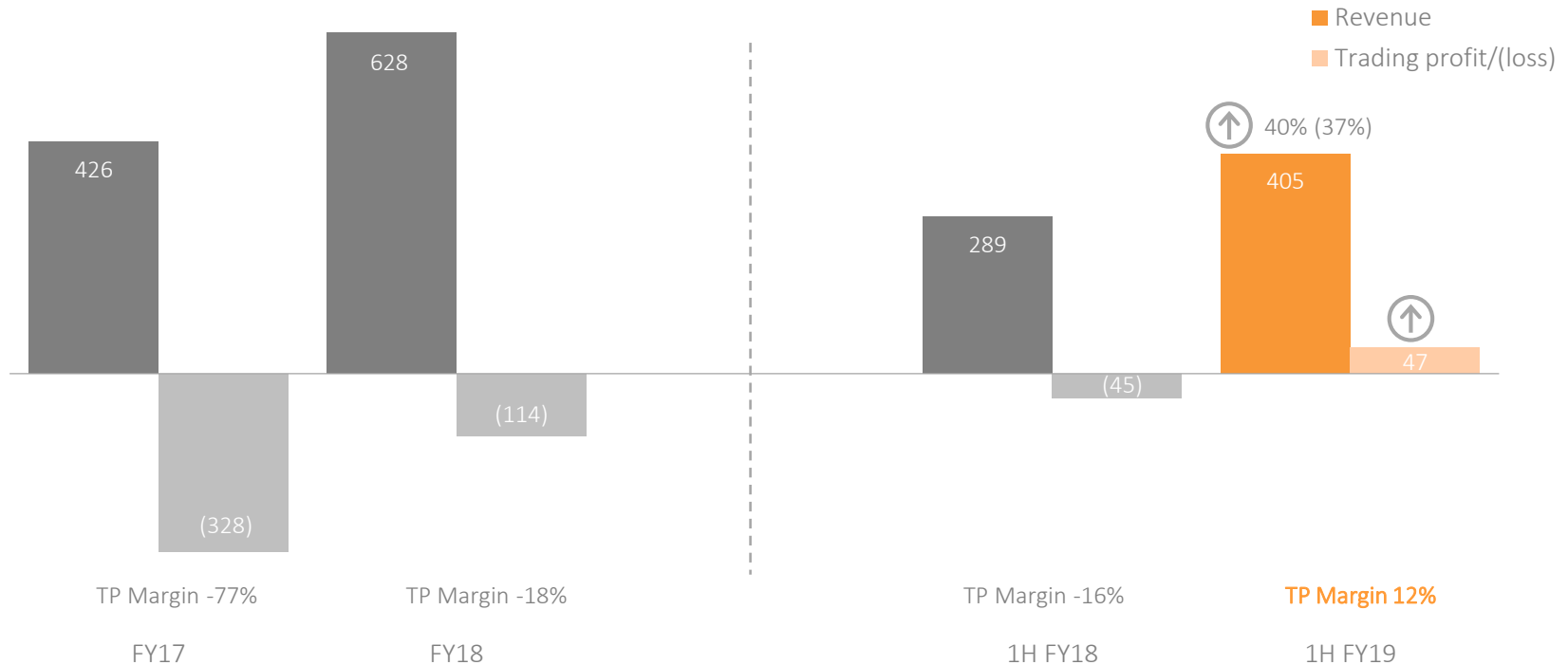


<sup>1</sup> Results are reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent year-on-year growth in local currency, on a like-for-like basis, i.e. businesses profitable in both periods. FY17 and FY18 numbers exclude revenue and trading profit associated with disposed entities.

<sup>2</sup> 1H FY19 excludes profitable businesses within the food-delivery segment as these businesses were profitable but now move into an investment cycle to further expand and scale. eMAG Romania is the major driver of the revenue improvement in 1H FY19 as the business became profitable in 2H FY18.

# Classifieds: now profitable including letgo

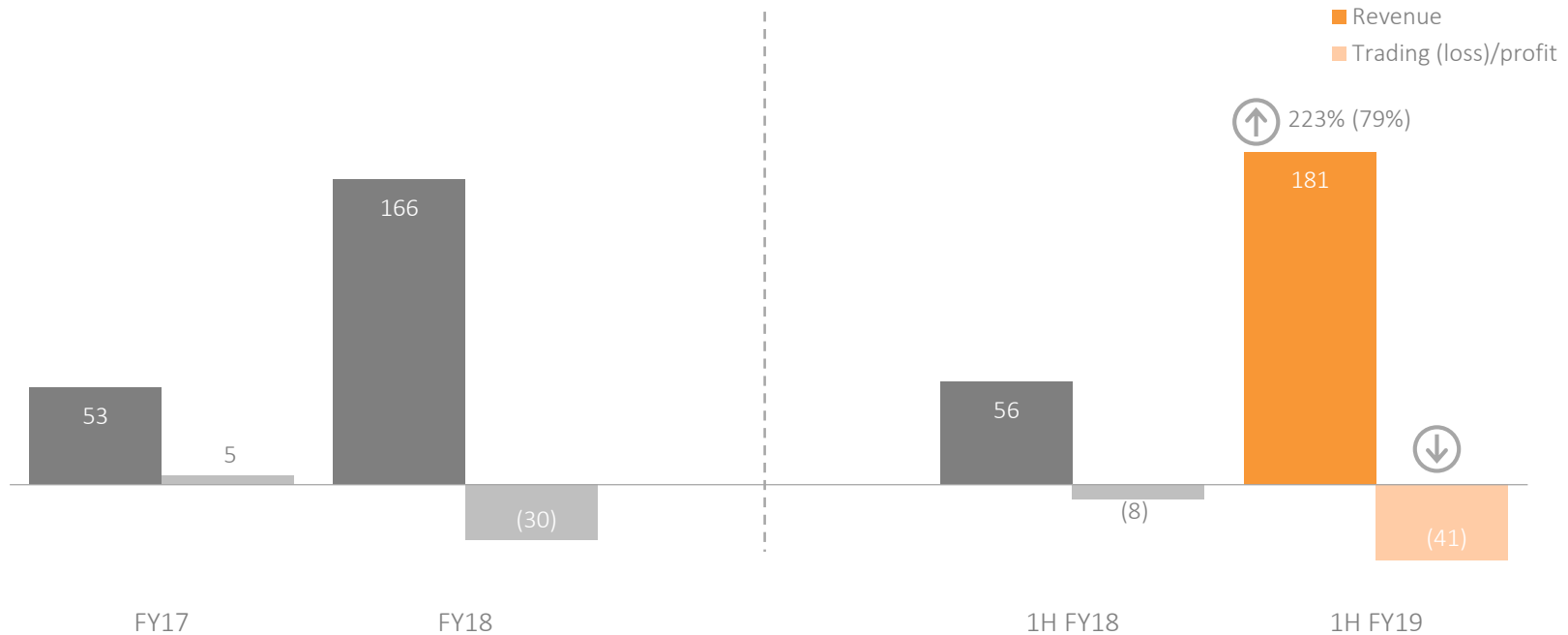
Revenue and trading profit/(loss) (US\$m)<sup>1</sup>



<sup>1</sup> Results reported are on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

# Food delivery: strong topline growth, further strategic investment

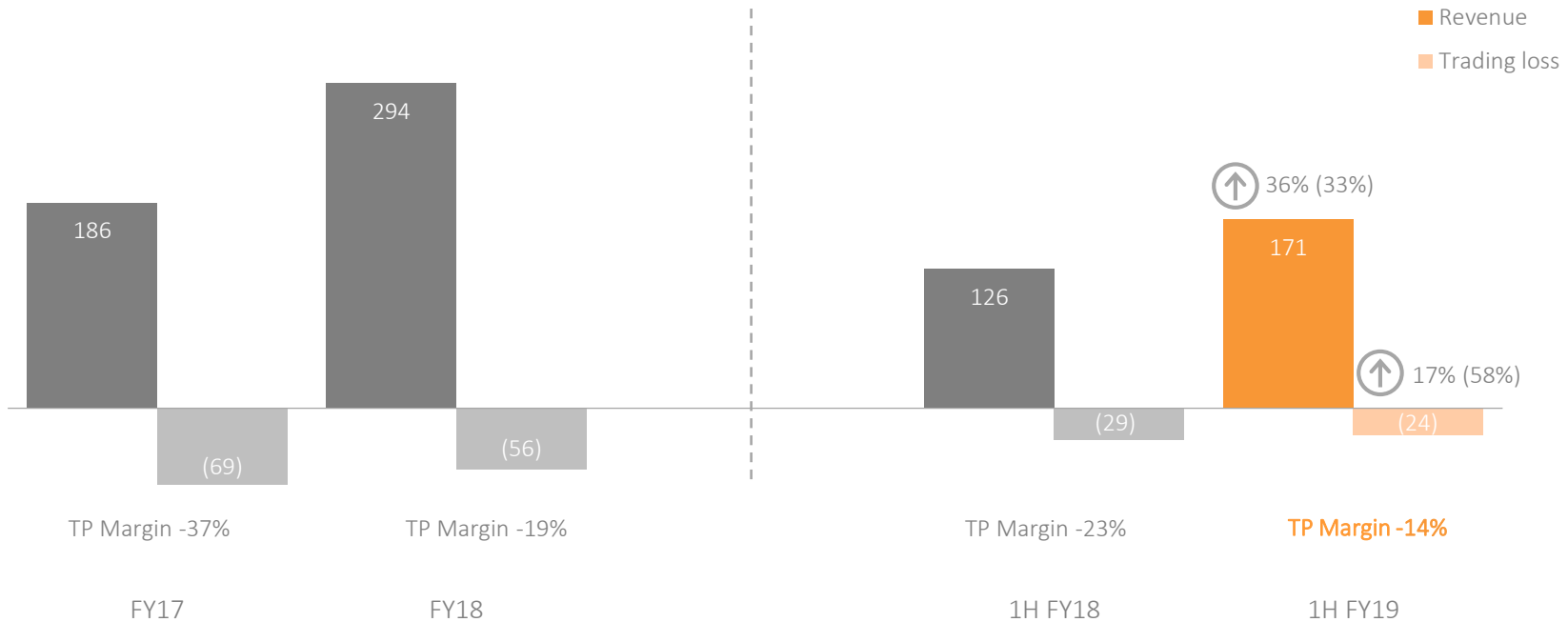
Revenue and trading (loss)/profit (US\$m)<sup>1</sup>



<sup>1</sup> Information is reflected on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

# Payments: investment in credit as PSP approaches profitability

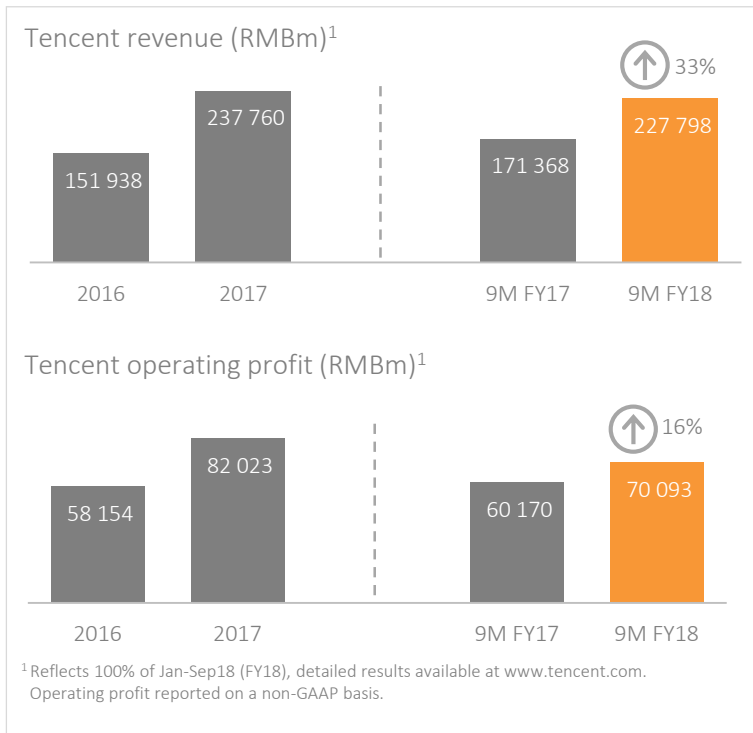
Revenue and trading loss (US\$m)<sup>1</sup>



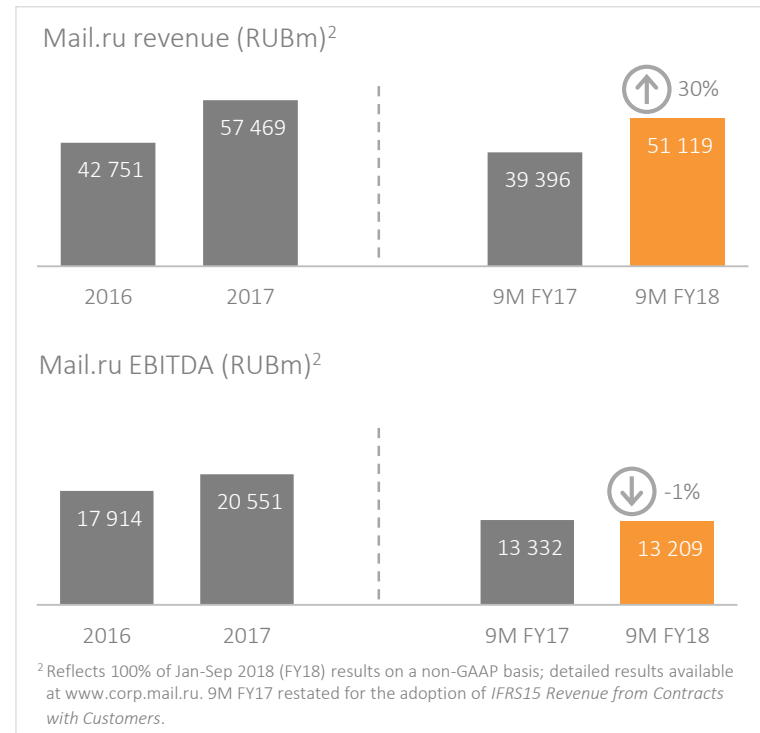
<sup>1</sup> In 1H FY18 US\$4m (FY18: US\$8m) of corporate IT charges, which are not directly associated with payments operations, have been excluded from the trading loss above. Information is reflected on an economic-interest, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

# Social and internet platforms: healthy contributions to earnings growth

## Tencent 腾讯



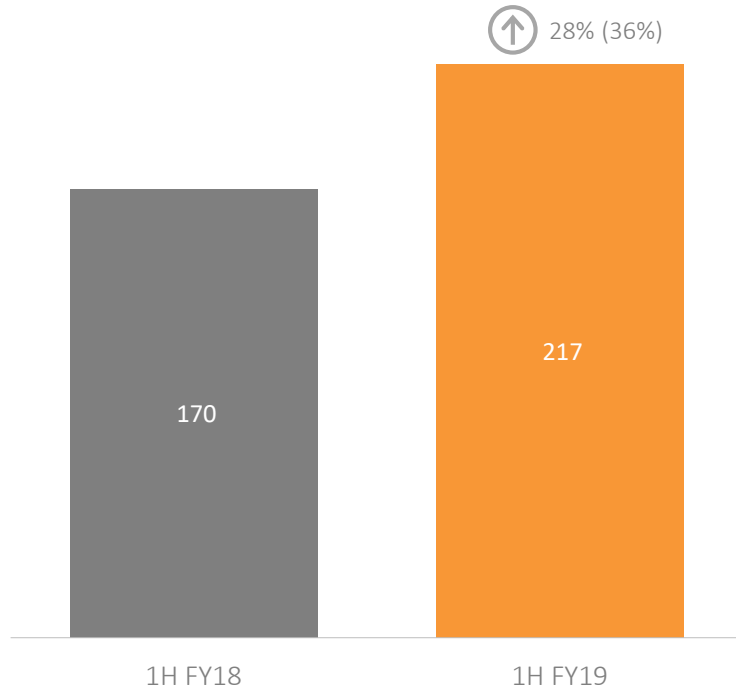
## @ mail.ru group



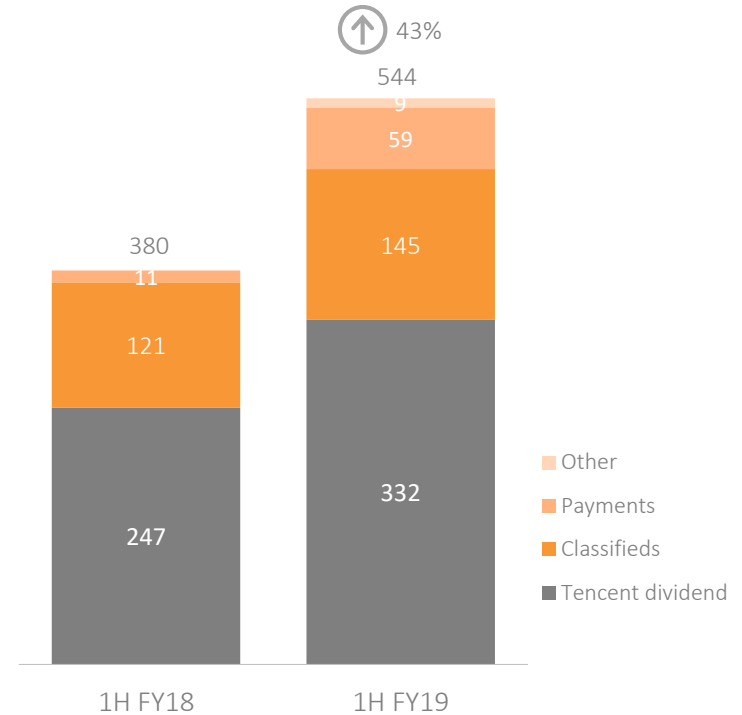
Note: Financial information as per financial years ending December, which differs from the Naspers reporting period. Equity-accounted investments are included on a 3-month lag basis in Naspers's results.

# Higher ecommerce profitability contributes significantly to central cash flows

Consolidated trading profit from profitable ecommerce businesses (US\$m)



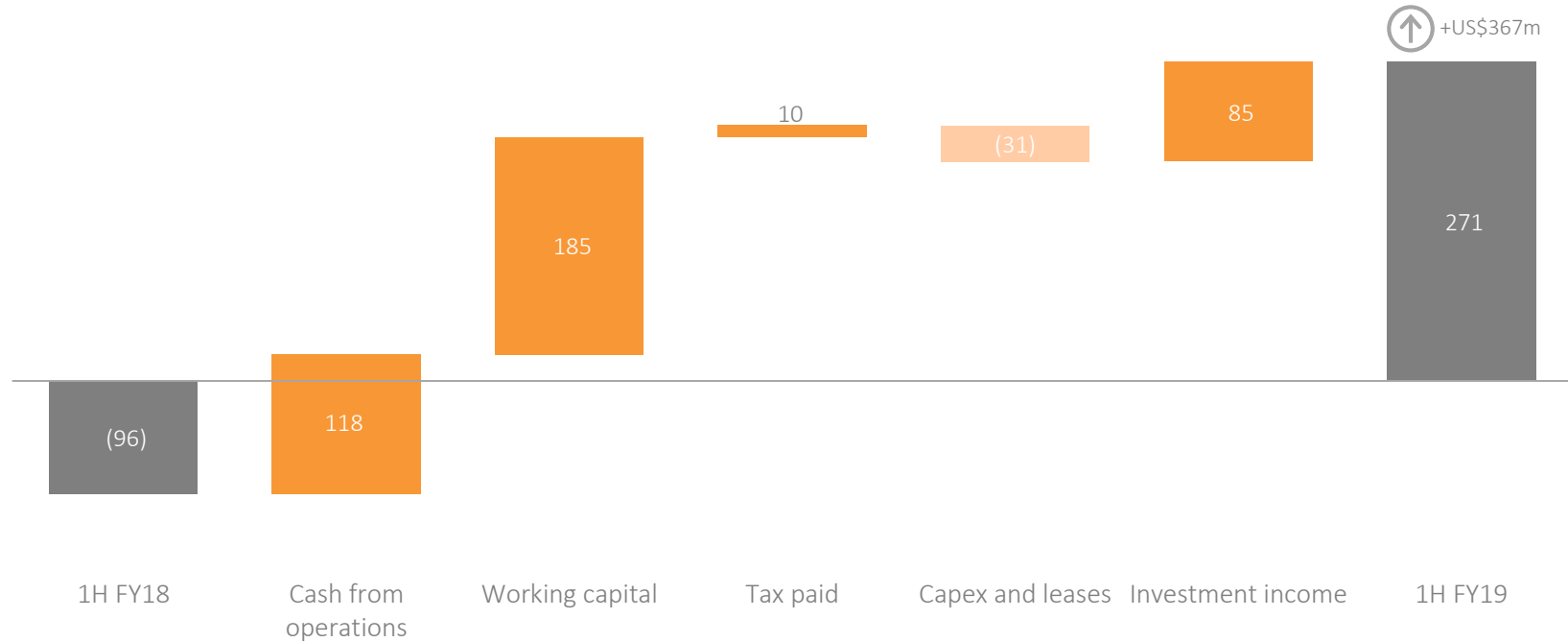
Sources of free cash inflow excluding VE (US\$m)<sup>1</sup>



<sup>1</sup> FCF (Free cash flow) defined as EBITDA less adjustments for non-cash items, working capital, taxation, capital expenditure, capital leases repaid and investment income. Allegro excluded from all comparatives. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

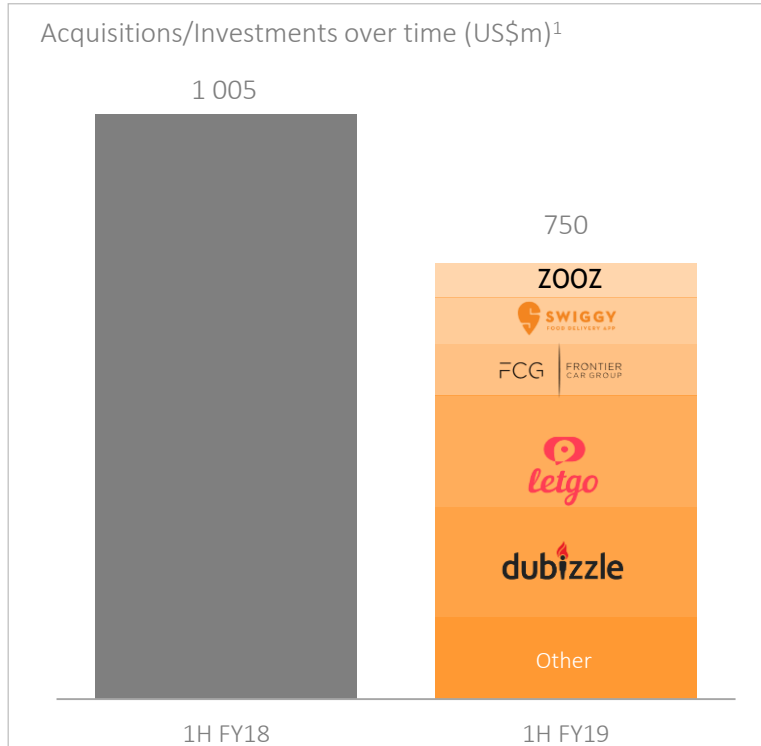
# FCF: strong turnaround continues

Incremental FCF, YoY (US\$m)<sup>1</sup>

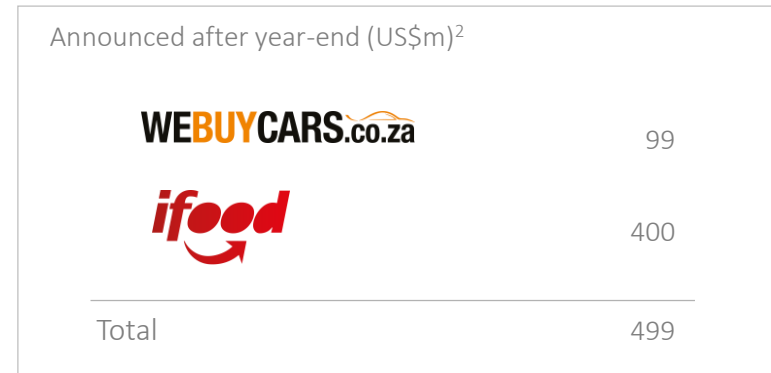


<sup>1</sup> FCF defined as EBITDA less adjustments for non-cash items, working capital, taxation, capital expenditure, capital leases repaid and investment income.

# Healthy returns from disposals, M&A focused on core segments



<sup>1</sup> The group committed US\$500m to letgo. US\$150m of funding has been transferred and US\$189m (included in the graph above) was invested for the minority buyouts. Together with Innova Capital, the group also invested US\$124m in Mobile to further expand and scale iFood, US\$29m (included in the graph above) related to minority buyouts.

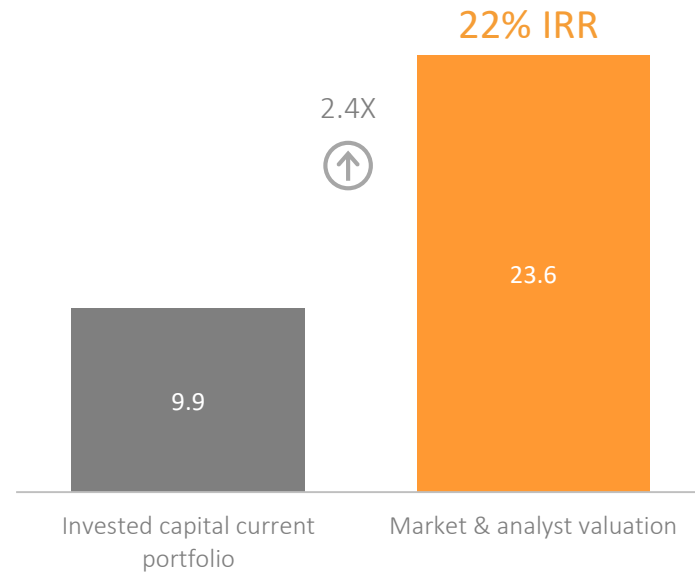
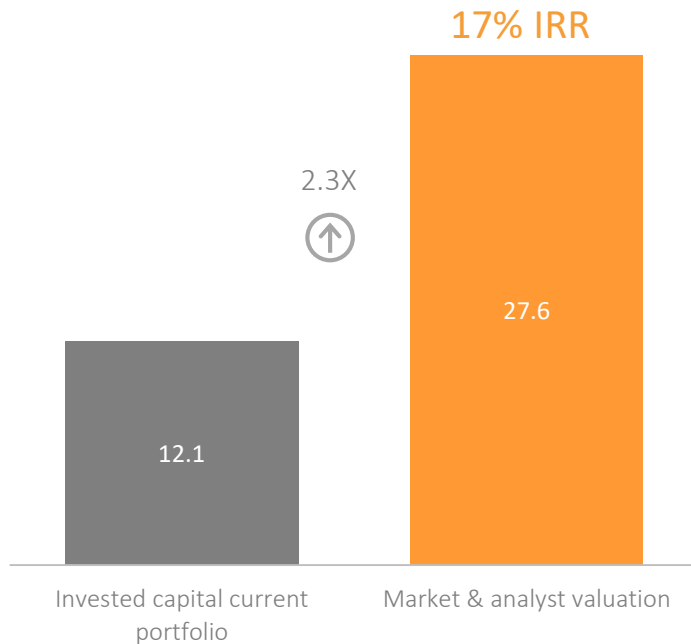


<sup>2</sup> The group announced the acquisition of a controlling stake in WeBuyCars in September. This transaction is subject to regulatory approval. In November, the group committed US\$400m to Mobile to further expand and scale iFood, this will be invested over several years.

# Continuing to generate excellent returns

All internet investments excluding Tencent (FY08 –1HFY19)  
(US\$bn)<sup>1</sup>

Current internet portfolio excluding Tencent (US\$bn)<sup>2</sup>



<sup>1</sup> IRR (Internal rate of return) calculated using market and analyst valuations for all internet assets (excluding Tencent) including disposed and discontinued businesses.

<sup>2</sup> Market and analyst valuations for current internet portfolio (excluding Tencent) as at 30 September 2018.

# Methodically taking steps to address the holding company discount

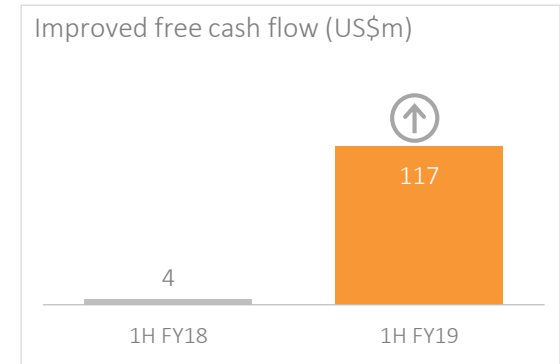
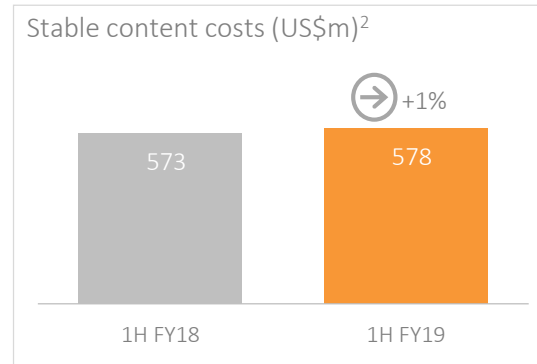
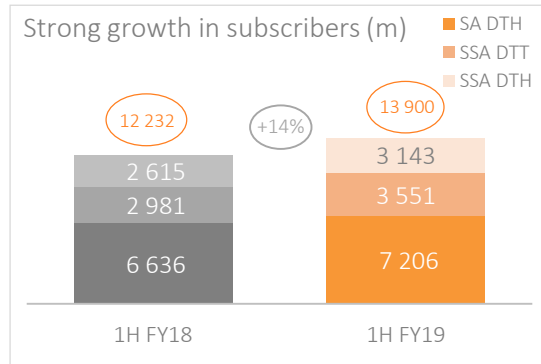
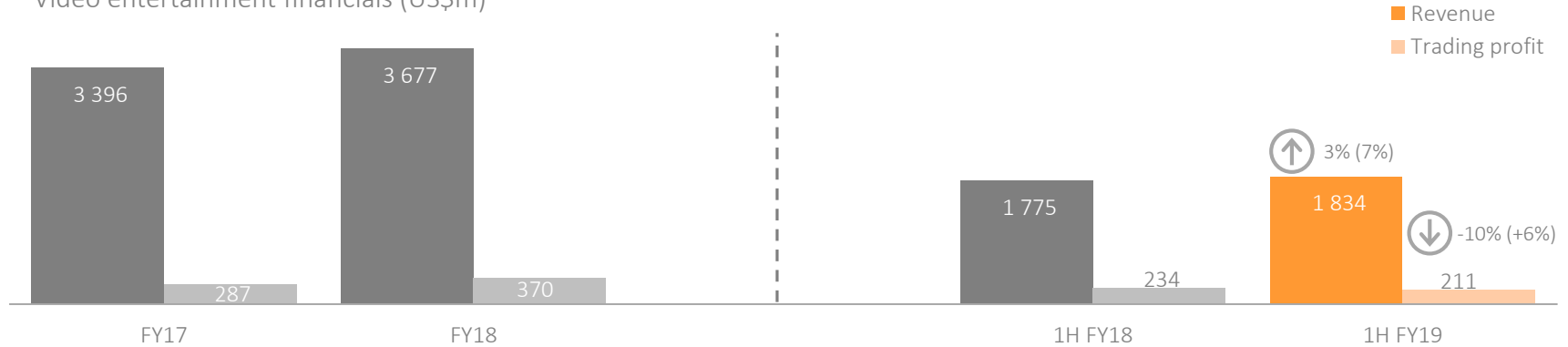
Actions to date	
✓	Scale ecommerce and improve profitability 29% organic revenue growth Meaningful reduction in ecommerce trading losses
✓	Increased sources of free cash flow Free cash inflow US\$271m
✓	Capital allocation – value vs future returns Flipkart disposal delivers ~29% IRR
✓	Improved financial disclosure
✓	Expanded ADR capacity
✓	Primary listing Announced intention to list and simultaneously unbundle the MultiChoice Group

Work in progress	
✓	Further primary listings
✓	Further improvements in profitability
✓	Further portfolio action
✓	Invest to accelerate growth and pursue additional opportunities
✓	Remain disciplined in allocating capital and focused on returns

# VE / MULTICHOICE GROUP (MCG)

# MCG: Solid results underpinned by subscriber growth and cost control

Video entertainment financials (US\$m)<sup>1</sup>

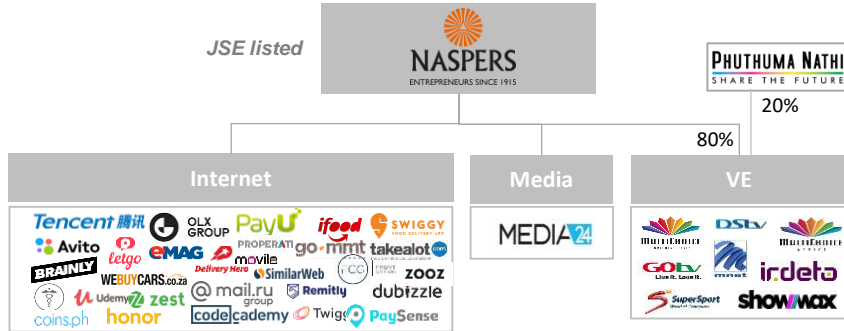


<sup>1</sup> Prior periods restated for the group's adoption of IFRS15 *Revenue from contracts with customers*. Numbers in brackets represent YoY growth in local currency excluding M&A.

<sup>2</sup> Content costs include programming and production costs.

# MCG: listing and unbundling in 1H calendar 2019 will unlock value

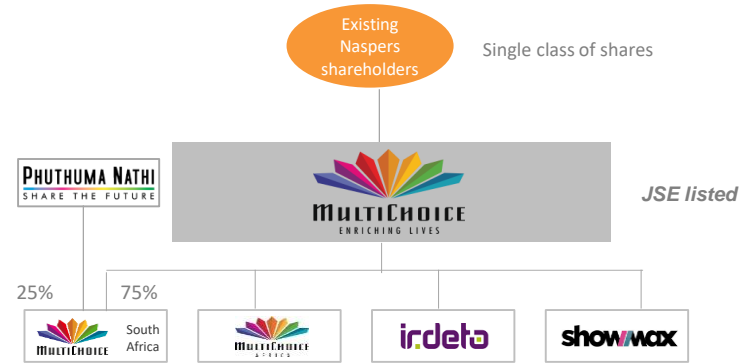
## Pre-transaction structure



### Transaction rationale

- Naspers moving toward ~100% online global consumer-internet company
- Shareholder value unlock via listing and unbundling of MCG – participation for all Naspers shareholders (including ADR holders)
- Creates an empowered, top 40 JSE-listed African entertainment group
- Naspers to allocate (for no consideration) an additional 5% of MCSA to Phuthuma Nathi to reinforce BBBEE shareholding

## MCG post-transaction



### MCG investment case

- Leading video-entertainment platform on African continent with unparalleled-content offering
- Highly cash-generative core, with no financial debt at listing
- Strong subscriber growth and rising penetration in mid- & mass-markets
- Fast-growing Connected Video opportunity
- Local partners, expertise and solutions

# OUTLOOK

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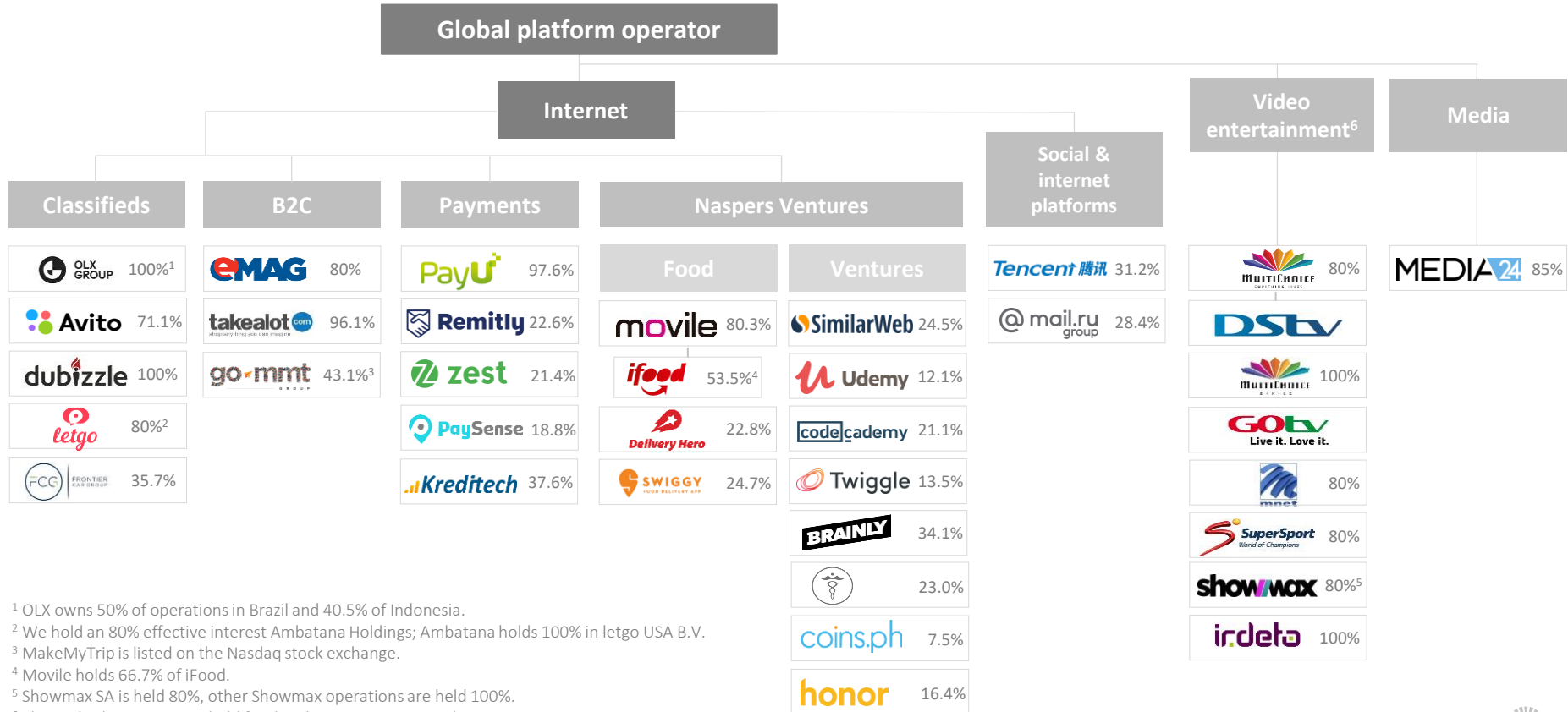
## Thoughts for the future...

- 1 Drive further profitability in ecommerce units
- 2 Pursue selective growth opportunities (classifieds, payments and food delivery)
- 3 Focus on innovation (particularly machine learning) across all segments
- 4 Take further steps to address the discount
- 5 Unlock value for shareholders through MultiChoice Group unbundling

# APPENDIX

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# Group structure



<sup>1</sup> OLX owns 50% of operations in Brazil and 40.5% of Indonesia.

<sup>2</sup> We hold an 80% effective interest in Ambatana Holdings; Ambatana holds 100% in letgo USA B.V.

<sup>3</sup> MakeMyTrip is listed on the Nasdaq stock exchange.

<sup>4</sup> Mobile holds 66.7% of iFood.

<sup>5</sup> Showmax SA is held 80%, other Showmax operations are held 100%.

<sup>6</sup> The MultiChoice Group is held for distribution at 30 September 2018.

Organogram depicts effective percentage holdings in major entities.

# Glossary of terms

—	ADR:	American depository receipt	—	M&A:	Mergers and acquisitions
—	COHE:	Core headline earnings	—	MCG:	MultiChoice Group
—	DTH:	Direct-to-Home	—	MCSA:	MultiChoice South Africa
—	DTT:	Digital terrestrial television	—	MAU:	Monthly active user
—	EBITDA:	Earnings before interest tax, depreciation and amortisation	—	PSP:	Payment service provider
—	FCF:	Free cash flow	—	SA:	South Africa
—	GMV:	Gross merchandise value	—	SSA:	Sub-Saharan Africa
—	IRR:	Internal rate of return	—	TP:	Trading profit/(loss)
—	IFRS:	International Financial Reporting Standards	—	TPV:	Total payment value
—	IT:	Information technology	—	US:	United States
—	JSE:	Johannesburg Stock Exchange	—	VE:	Video entertainment
			—	YoY:	Year-on-year

# THANK YOU



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